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1971 annual report

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Hunter Douglas Group 



Five year financial highlights

(in thousands of U.S. dollars except for per share data)

Legend
CONSUMER, BUILDING,
ARCHITECTURAL AND
LEISURE PRODUCTS:
■ Manufacturing
● Distribution
MACHINERY OPERATIONS:
□ Manufacturing
○ Distribution

Principal manufacturing and distribution operations

Net sales	179,505	129,777	107,734	87,268	68,898
Manufacturing and distribution expenses	14,476	11,902	10,600	9,147	6,306
Operating income	8.1%	9.2%	9.8%	10.5%	9.2%
Net income	7,258	6,341	5,980	5,105	3,405
Net income per share	1.22	1.06	1.05	.94	.62
Cash flow	13,650	12,260	10,193	8,858	6,245
Cash flow per share	2.29	2.06	1.79	1.64	1.16
Working capital	1.53	1.59	1.75	1.63	1.51
Depreciation	58,978	51,696	46,339	33,464	24,788
Depreciation per share	9.89	8.95	7.84	6.09	4.50

Switzerland	● Hunter Douglas Industries Ltd., Lucerne
Sweden	● Hunter Douglas (Scandinavia) AB, Göteborg
Spain	■ Hunter Douglas S.A., Barcelona
South Africa	● Hunter Douglas South Africa, Johannesburg
Italy	● Promes S.R.L., Milan
Holland	■ Hunter Douglas, Rotterdam - Leek
Great Britain	● Hunter Douglas Ltd., Walton-on-Thames, Surrey
Germany	● Hunter Douglas G.m.b.H., Düsseldorf
Austria	● Hunter Douglas, Vienna
Belgium	● Hunter Douglas Industries Ltd., Brussels
France	● Hunter Douglas S.A., Paris
Wotan Werke G.m.b.H. - V.W.F., Düsseldorf	□
Wewag Werke G.m.b.H., Düsseldorf, Bremen	□
Rodiaz G.m.b.H., Düsseldorf	●
Köllmann Maschinenbau G.m.b.H., Langenberg-Rhld.	□
Sautter KG, Markgroeningen	□
Hunter Douglas Ltd., Walton-on-Thames, Surrey	●
Soag Machinery, Brentford, Middlesex	□
Hunter Douglas, Rotterdam - Leek - Oudenbosch	■
Aluminium Bouwproducten, Dordrecht	●
N.V. Nederlandse Aluminium Mij. (Nedal), Utrecht	■
Lasland, Rotterdam	□
N.V. Nederlandse Gereedschapsen Fabriek, Hooftweg	□
N.V. Spimeta, Harkema	■
N.V. Walker, Deurne	■
Rodiaz, Rotterdam - Leek	■
Promes S.R.L., Milan	●
Hunter Douglas South Africa, Johannesburg	●
Hunter Douglas S.A., Barcelona	■
Hunter Douglas S.A., Madrid - Bilbao - Sevilla	●
Hunter Douglas (Scandinavia) AB, Göteborg	●
Hunter Douglas Industries Ltd., Lucerne	●

Legend

CONSUMER, BUILDING, ARCHITECTURAL AND LEISURE PRODUCTS:

- Manufacturing
- Distribution

MACHINERY OPERATIONS:

- Manufacturing
- Distribution

Photograph of Earth taken by first Astronauts
returning from Moon July 21-22, 1969

principal manufacturing and distribution operations

EUROPE AND AFRICA

- Austria ● Hunter Douglas, Vienna
- Belgium ● Hunter Douglas Industries Ltd., Brussels
- France ● Hunter Douglas s.a.r.l., Paris
- Germany ● Hunter Douglas G.m.b.H., Dusseldorf
 - Wotan Werke G.m.b.H. - V.W.F., Dusseldorf
 - □ Wewag Werke G.m.b.H., Dusseldorf, Bremen
 - Rodiac G.m.b.H., Dusseldorf
 - Köllmann Maschinenbau G.m.b.H., Langenberg-Rhld.
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 - Hunter Douglas S.A., Madrid - Bilbao - Sevilla
- Sweden ● Hunter Douglas (Scandinavia) AB, Goteborg
- Switzerland ● Hunter Douglas Industries Ltd., Lucerne

Five year financial highlights

(in thousands of U.S. dollars except for per share data)

	1971	1970	1969	1968	1967
Net sales	179,505	129,777	107,734	87,268	68,898
Income before taxes and minority interest	14,476	11,902	10,600	9,147	6,306
Income before taxes and minority interest as % of net sales	8.1%	9.2%	9.8%	10.5%	9.2%
Net income after taxes and minority interest	7,258	6,341	5,980	5,105	3,405
Net income per common/deferred share (after preferred dividends)* .	1.22	1.06	1.05	.94	.62
Cash flow	13,650	12,260	10,193	8,858	6,248
Cash flow per common/deferred share*	2.29	2.06	1.79	1.64	1.16
Working capital ratio	1.53	1.59	1.75	1.63	1.97
Shareholders' equity	58,978	51,696	46,339	33,464	29,298
Shareholders' equity per common/deferred share	9.89	8.95	7.86	6.19	5.23
Long-term debt as % of equity (including minority interest)	18.1%	11.6%	10.6%	16.3%	14.9%
Expenditure on property, plant and equipment	9,862	9,248	6,185	5,308	3,390
Depreciation and amortization	4,856	4,084	3,006	2,639	2,349
Average number of common and deferred shares outstanding during year*	5,964,070	5,959,881	5,691,713	5,409,573	5,403,812

*) adjusted for splits and extraordinary stock dividend.

Report to shareholders

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Once again the Group is looking back on a successful and eventful year. As in previous years, two landmarks stand out:

- * We reached record levels in sales and profits, following upon more than a decade of profitable growth. In the past five years our profits per share have doubled.
- * We have continued our progress towards being a leading innovator, manufacturer and marketer of specialised proprietary products for homes and buildings.

Turning to the results of 1971, the figures are the highest in your Company's history. Our sales were US \$ 179,504,539, our net earnings were US \$ 7,258,159 and our earnings per share rose to US \$ 1.22. This represents an increase of more than 14% over 1970 per share earnings, which have been restated to reflect the higher average number of shares outstanding as a result of the stock dividend declared during the year. The rise in sales represents an increase of 38% over 1970 sales. Our consumer, architectural, building and leisure products accounted for slightly more than 70% of total sales; our precision production machinery accounted for the remainder. The increase in net profits also represents a rise of more than 14% over 1970.

Sales by companies acquired in late 1970 and during 1971, and now consolidated for the first time, represent about 40% of the total sales increase, whereas 60% resulted from the Group's existing operations. The growth rate of the existing operations has thus kept pace with the increases realised in 1970. As anticipated, the companies acquired in late 1970 and during 1971 have so far contributed little to the Group's profits. They were purchased with a view towards the growth and profit potential of their product ranges and good progress is being made in realising it.

Although our inventories and receivables have augmented substantially, they did so commensurate with our increased volume of business and are the cause of the increase in short-term bank loans and long-term debts by about US \$ 10 million altogether. Nevertheless, our available unused long-term credit facilities still exceed US \$ 10 million. The unrest in currency rates in 1971 has had no material influence on our business. In fact, as a result of currency revaluations, our deferred exchange credit has increased by US \$ 2 million and represents a reserve against future currency fluctuations.

We are gratified with our continued progress and with having maintained our historic growth rate in an economically turbulent and difficult year.

The principal reason for your Company's success rests on three principles, which embody the philosophy of Hunter Douglas.

* **Concentration on manufacturing and worldwide marketing of a carefully selected range of specialised proprietary products for homes and buildings.** These products are primarily the result of our own product development, backed by acquisitions of companies whose products, facilities and expertise fit organically into our own growth pattern. A key consideration in the expansion of our product range is the ability to utilise our existing worldwide marketing and distribution network. We achieve and maintain market leadership in these specialised products by virtue of our expertise in product development, manufacturing capabilities and marketing skills. In addition, our products are conceived to be in tune with modern design concepts emphasising fashion, economy, efficiency and comfort.

In line with these trends we have more recently expanded our product range to include leisure time products, an industry group in which we see substantial growth potential. Our entry into this field is proof of the flexibility and growth orientation of the Group. In most cases to date, we had developed and marketed new products or product ranges within long established and existing markets. In this case, our point of departure is the very emergence of a new market area, within which we intend to develop and market appropriate product ranges. Our acquisitions of Spimeta and Walker, during the year, providing us with a quality range of garden furniture and camping equipment, underline your Company's growing involvement in this market area.

* **Centralisation of high volume manufacture of semi-finished and finished materials and components for our proprietary products. Decentralisation of distribution and marketing on a worldwide scale.** The first concept enables us to create and maintain strong supply bases, uniform standards and benefits from economies of scale in development and manufacturing. The second concept has, as one of its key elements, an extensive network of hundreds of franchised manufacturers whom we supply with materials and components, which they assemble into products which they then distribute, under our proprietary trademarks, to over 100,000 retail stores and specialised trade outlets all over the world. We pioneered this concept over 25 years ago. It allows us to benefit from the entrepreneurial initiative of our franchised manufacturers and their organisations and to be highly flexible in matching products and marketing techniques to local needs and conditions. It has enabled us to achieve intensive market penetration and increasing market leadership in more than 75 countries.

* **Entrepreneurially oriented management.** The Group has young, result-minded managers. These innovative and flexible businessmen operate on a decentralised management concept, which strongly emphasises local responsibility.

We have also, for over 50 years and primarily in Germany, been closely associated with precision production machinery for the manufacture of consumer products and for industry. Our range is one of high unit-value, specialised precision machines, where we are leaders in our field and account for a major share of world market requirements. It is thus not only a profitable part of our operations, but also provides a sound and substantial diversification element. It is a stabilising factor in our activities, since surges and decreases in consumer goods demand often do not coincide with purchasing patterns for capital goods.

We re-organised our legal structure in 1971, resulting in the parent company's incorporation in the Netherlands Antilles. This re-organisation was undertaken in view of the long term trends in the structure and distribution of our business and will give your Company considerably more flexibility to realise its full potential as a Group. The Company's headquarters remain in Holland, where we have our principal operations and employ more than 25% of our more than 8000 employees.

The present geographic distribution of our business is:

Europe	66% of sales
Australia, New Zealand and Asia	19% of sales
North America	12% of sales
South America and other	3% of sales

In this context I would draw your attention to the insert enclosed in this Annual Report. The Amsterdam Stock Exchange is now the principal market for Hunter Douglas shares and we are proud to be associated with a body of such historic significance and present day vitality.

In 1971, we declared a 20% extraordinary stock dividend for all stock held outside the founding family. Your Directors now propose that the May 29, 1972 General Meeting of Shareholders declare a Dfl. 1,— cash dividend on each common and deferred share, payable after July 30, 1972 and giving shareholders an option, exercisable before July 20, 1972, to receive in lieu of cash one new Dfl. 1,— par value share for each 50 shares. Cash distribution would be made from retained earnings. Par value of dividend shares would be charged against additional paid-in capital. As a result, stock dividends will, under present Dutch practice, be free from Netherlands income tax.

We regret that Prof. Dr. Herman J. Hellema, for many years associated with our Dutch organisation and more recently as a Director of your Company, has chosen not to stand for re-election. Prof. Hellema has taken this decision for reasons of age. We would like to express our sincere appreciation for his manifold and valuable contributions to our organisation over the years.

All other present Directors are standing for re-election. It will be proposed at the General Meeting for Shareholders that Mr. Mark O. L. Lynton be elected a Director of the Company. Mr. Lynton had in the past long been associated with Hunter Douglas, as an executive and Director. We are pleased that he recently rejoined the Group in an active executive capacity.

Let me close by emphasising that our past and future success would not have been possible without the dedicated involvement of everyone within our whole organisation. To all of them I herewith express the Board's and my own warm gratitude, coupled with the confident hope to be able to count on their continuing support.

On behalf of the Board of Directors

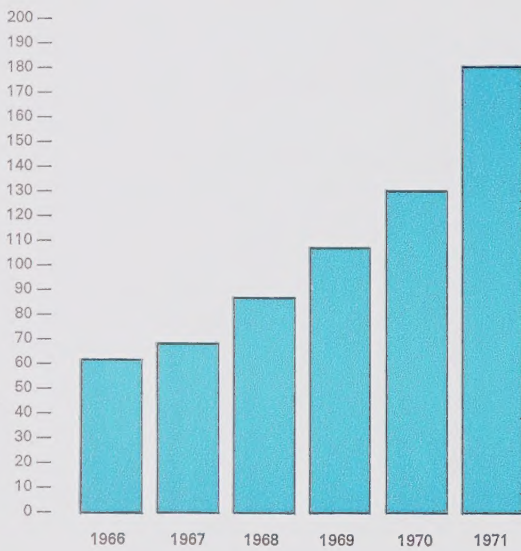


Rotterdam
April 6, 1972

Ralph Sonnenberg
President

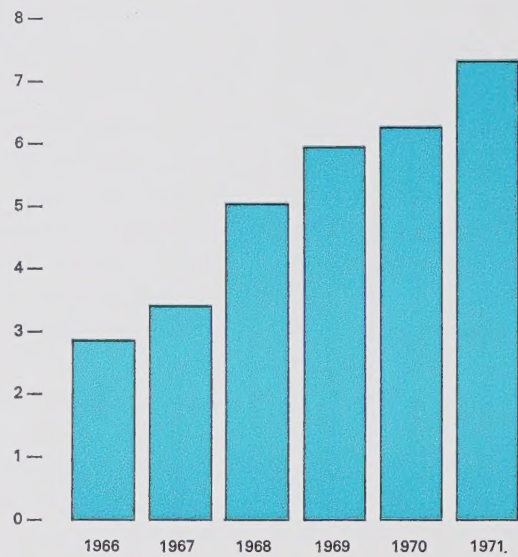
net sales

millions U.S. \$

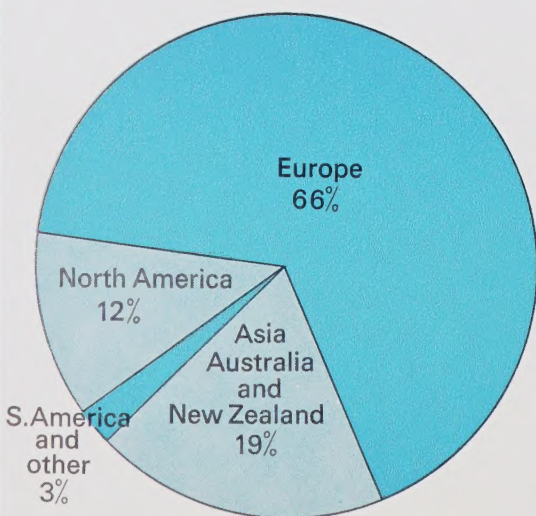


net income after tax

millions U.S. \$ (and minority interest)

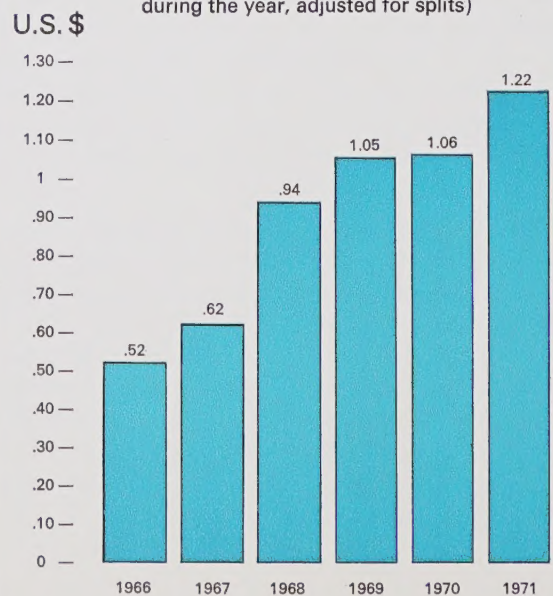


geographic distribution of 1971 sales



earnings per share

(per average number of shares outstanding during the year, adjusted for splits)



Consolidated statement of income

For the year ended January 1, 1972 (in U.S. dollars)

	1971	1970
	\$	\$
Sales, less returns and allowances	179,504,539	129,777,260
Cost of sales	122,081,974	84,886,017
Gross profit	57,422,565	44,891,243
Selling, general and administrative expenses	40,810,716	31,149,914
Income from operations	16,611,849	13,741,329
Other expenses and (income)		
Interest expense — long-term debt	1,064,257	676,893
— other	2,426,910	2,119,892
Foreign exchange	(392,059)	(157,346)
Interest income	(771,109)	(788,038)
Miscellaneous	(192,033)	(12,332)
	2,135,966	1,839,069
Income before income taxes	14,475,883	11,902,260
Income taxes	6,097,831	4,796,209
Income before minority interest	8,378,052	7,106,051
Minority interest	1,119,893	765,029
Net income	7,258,159	6,341,022
Net income per common and deferred share		
(based on the average number outstanding during the year and adjusted for extraordinary stock dividend - note 4)	\$ 1.22	\$ 1.06

Consolidated statement of retained earnings

For the year ended January 1, 1972 (in U.S. dollars)

	1971	1970
	\$	\$
Balance — beginning of year	40,543,361	34,218,523
Net income	7,258,159	6,341,022
	47,801,520	40,559,545
Dividends on preferred shares	—	16,184
Balance — end of year	47,801,520	40,543,361

The appended notes are an integral part of the financial statements.

Consolidated balance sheet

as at January 1, 1972 (in U.S. dollars)

	Assets	
	1971	1970
	\$	\$
Current assets		
Cash	4,248,583	6,771,552
Notes and accounts receivable (less allowances 1971 — \$ 2,759,562; 1970 — \$ 2,131,745)	41,729,992	30,423,321
Inventories (note 2)		
Finished goods	24,398,830	19,362,307
Work in process	18,758,153	14,970,657
Raw materials	13,905,148	10,649,599
Prepaid expenses and other current assets	6,360,306	4,673,998
Total current assets	109,401,012	86,851,434
Property, plant and equipment		
Land	4,185,864	3,605,445
Buildings	23,652,585	18,058,362
Machinery and equipment	43,370,942	31,094,709
Cost	71,209,391	52,758,516
Accumulated depreciation	32,810,205	22,474,678
	38,399,186	30,283,838
Other assets		
Investments in and advances to unconsolidated subsidiaries and other companies — at cost (note 1)	1,554,860	935,923
Notes and accounts receivable — long-term	3,313,480	2,884,945
Employee housing — net of related mortgages payable of \$ 1,655,311 (1970 — \$ 1,947,345)	1,383,119	1,214,334
Intangible assets — at cost less amortization	151,281	201,889
Excess of investments in subsidiaries over net assets at dates of acquisition	3,914,799	4,010,443
	10,317,539	9,247,534
	158,117,737	126,382,806

Signed on behalf of the Board:

Ralph Sonnenberg, *Director*
Frank B. Craig, *Director*

Liabilities

	1971	1970
	\$	\$
Current liabilities		
Bank advances	20,763,897	16,191,896
Accounts payable — trade	26,229,388	18,169,340
Accrued wages and other compensation	2,404,196	1,481,549
Other accounts payable and accrued expenses	13,983,967	13,192,724
Income taxes	5,772,661	4,417,177
Long-term debt due within one year	2,385,457	1,147,676
Total current liabilities	<u>71,539,566</u>	<u>54,600,362</u>
Provisions		
Warranties	2,518,758	1,993,075
Pensions	2,810,142	2,718,516
Deferred taxes	1,743,985	1,629,441
	<u>7,072,885</u>	<u>6,341,032</u>
Long-term debt (note 3)	11,780,149	6,730,338
Deferred exchange credits (note 1)	2,684,670	652,297
Minority interest	6,062,451	6,362,713
	<u>99,139,721</u>	<u>74,686,742</u>

Shareholders' equity

Capital stock (notes 4 and 5)	1,967,361	1,904,540
Additional paid-in capital	9,209,135	9,248,163
Retained earnings	47,801,520	40,543,361
	<u>58,978,016</u>	<u>51,696,064</u>
	<u>158,117,737</u>	<u>126,382,806</u>

The appended notes are an integral part of the financial statements.

Consolidated statement of changes in financial position

for the year ended January 1, 1972 (in U.S. dollars)

Source of funds

	1971	1970
	\$	\$
From operations		
Net income	7,258,159	6,341,022
Charges to operations not requiring an outlay of cash		
Depreciation and amortization	4,856,085	4,083,877
Provisions-net	731,853	1,284,930
Income applicable to minority interest, net of dividends in 1971 of \$ 389,607 (1970 - \$ 299,126)	730,286	465,903
Other	73,864	83,801
Total working capital provided by operations.	13,650,247	12,259,533
Increase in long-term debt - net	5,049,811	1,215,330
Sale of shares under stock option plans	23,793	—
Deferred exchange credits (note 1)	2,032,373	652,297
	20,756,224	14,127,160

Use of funds

Additions to property, plant and equipment, net of retirements in 1971 of \$ 745,794 (1970 - \$ 616,954)	9,116,274	7,153,941
Property, plant and equipment of consolidated subsidiaries acquired	3,665,576	1,316,329
Decrease in minority interests	1,030,548	16,703
Increase in other assets - net	1,333,452	3,307,342
Redemption of preferred shares of parent company	—	968,100
Dividends to preferred shareholders of parent company	—	16,184
	15,145,850	12,778,599
Increase in working capital.	5,610,374	1,348,561

Changes in components of working capital

Increase (decrease) in current assets:

Cash	(2,522,969)	1,423,348
Notes and accounts receivable	11,306,671	6,517,915
Inventories	12,079,568	7,401,329
Prepaid expenses and other current assets	1,686,308	(483,554)
Net increase in current assets	22,549,578	14,859,038

Increase (decrease) in current liabilities:

Bank advances	4,572,001	5,989,761
Accounts payable - trade	8,060,048	915,025
Other current liabilities	4,307,155	7,257,988
Reclassification of deferred exchange credits (note 1)	—	(652,297)
Net increase in current liabilities	16,939,204	13,510,477

Increase in working capital	5,610,374	1,348,561
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Notes to consolidated financial statements

for the year ended January 1, 1972 (in U.S. dollars)

1. Principles of Consolidation

- (a) The consolidated financial statements include the accounts of Hunter Douglas N.V. and its wholly or majority owned subsidiaries with the exception of certain subsidiaries which are in the course of formation or whose operations are not significant and are not directly related to those of the Group. The Group's share in the equity of these subsidiary companies was at least equal to the amount of its investment therein. All 50% owned companies have also been consolidated as their operations form an integral part of the operations of the Group.
- (b) The consolidated financial statements are expressed in United States dollars and have been translated from other currencies as follows:
- Current assets and liabilities at rates of exchange at the balance sheet date; long-term assets and liabilities and shareholders' equity at rates of exchange applicable at the time of acquisition or when the debt was incurred; income and expenses, other than depreciation and amortization, at the average rates of exchange during the year. Unrealized exchange gains are deferred; unrealized losses are charged to results for the current year to the extent that they exceed previously deferred exchange credits. The amount so deferred up to the end of 1970 of \$ 652,297 has been reclassified from Other accounts payable and accrued expenses for purpose of comparison.

2. Inventories

Finished goods and work-in-process are stated principally at the lower of average production cost or market. Raw materials are stated principally at the lower of cost (on a first-in first-out basis) or market.

3. Long-Term Debt

	1971	1970
Unsecured loans and notes payable	\$ 8,337,284	\$ 4,351,663
4¾% - 9% mortgage loans, maturing in varying instalments through 1995	\$ 3,442,865	\$ 2,378,675
	<u>\$ 11,780,149</u>	<u>\$ 6,730,338</u>

The aggregate annual amount of maturities over the next five years are as follows: 1972 - \$ 2,385,457; 1973 - \$ 2,156,363; 1974 - \$ 2,865,442; 1975 - \$ 2,114,607; 1976 - \$ 1,372,733.

4. Capital Stock

- On October 25, 1971, the shareholders of Hunter Douglas Limited authorized:
- (a) the transfer to Hunter Douglas N.V. of all of Hunter Douglas Limited's assets at their book value in consideration of
- (i) the assumption of all of Hunter Douglas Limited's liabilities and
- (ii) the issue to Hunter Douglas Limited of a number of Dfl. 1 par value common shares of Hunter Douglas N.V. equal to the number of Hunter Douglas Limited's outstanding Can. \$.35 par value common shares and a number of Dfl. 1 par value deferred shares of Hunter Douglas N.V. equal to the number of Hunter Douglas Limited's outstanding Can. \$.35 par value deferred shares;
- (b) a plan of complete liquidation of Hunter Douglas Limited requiring Hunter Douglas Limited to distribute one Dfl. 1 par value common share of Hunter Douglas N.V. for each outstanding Can. \$.35 par value common share of Hunter Douglas Limited and one Dfl. 1 par value deferred share of Hunter Douglas N.V. for each outstanding Can. \$.35 par value deferred share of Hunter Douglas Limited; and
- (c) an application for surrender of Hunter Douglas Limited's charter.
- On October 4, 1971, Hunter Douglas N.V. declared a 20% extraordinary stock dividend on its Dfl. 1 par value common shares payable after completion of the distribution described in (b) above.
- The above transfer of assets, liquidation distribution and extraordinary stock dividend were effected before January 1, 1972.

The authorized and issued capital stock is:

Common shares of Dfl. 1 par value each

	Shares	\$
Authorized: 10,000,000 shares		
Issued to Hunter Douglas Limited and subsequently distributed to its shareholders	933,818	305,110
20% extraordinary stock dividend paid out of additional paid-in capital	186,764	61,022
	<u>1,120,582</u>	<u>366,132</u>

Deferred shares of Dfl. 1 par value each

Authorized: 6,000,000 shares		
Issued to Hunter Douglas Limited and subsequently distributed to its shareholders	4,844,631	1,601,229
		<u>1,967,361</u>

The deferred shares are convertible into common shares at the option of the holders on a one for one basis. During the year 19,504 shares were converted, of which 5,200 had been issued during the year upon exercise of stock options.

In response to an offer to Canadian resident holders of common shares of Hunter Douglas N.V., 166,171 shares were exchanged on January 4, 1972 for 166,171 Can. \$ 14 par value voting cumulative preferred shares of Hunter Douglas Canada Limited, a subsidiary. These preferred shares are entitled to the same annual cash dividend per share as the Company's common shares and prior to December 31, 1990 are exchangeable one for one into common shares of the Company.

5. Capital Stock Options to Directors, Officers and Employees

Details of options granted and outstanding under the Company's stock option plans, adjusted for the extraordinary stock dividend referred to in note 4, as at January 1, 1972, are as follows:

	Price per Share	Exercisable before
27,148 deferred and common shares	U.S. \$ 4.36	Feb. 1973
83,820 common shares	Can. \$ 9.58	April 1975

158,219 common shares are reserved for future option grants.

In 1967 options to purchase 100,000 shares of an Australian subsidiary were granted to employees at Australian \$ 1.50 each (U.S. \$ 1.78) exercisable between 1970 and 1972. Options to purchase 66,000 of these shares were still outstanding at January 1, 1972.

6. Exchange Regulations

Funds in certain countries in which the Group operates are subject to varying exchange regulations. No significant restrictions exist on transfers of a current nature, such as dividends from subsidiaries. A few countries have more severe restrictions on remittances of a capital nature.

7. Pension Plans

The Group has several pension plans covering most employees. Charges to costs and expenses under these plans amounted to \$ 918,003 in 1971 (1970 - \$ 709,835), including amortization of prior service costs over periods ranging up to 40 years. Under the Group's practice most pension plans are funded.

8. Commitments and Contingencies

- (a) As at January 1, 1972 there were commitments for capital expenditure as follows: 1972 - \$ 9,519,000; 1973 - \$ 2,997,000.
- (b) A subsidiary which has a limited minority interest in a partnership, has guaranteed repayment of its share (approximately \$ 11,000,000 to 1992) of certain long term financing.
- (c) Other commitments exist in respect of discounted bills, guarantees of bank loans to unconsolidated subsidiaries and other guarantees. Annual rentals under long-term leases expiring at varying dates to 2061 amount to \$ 184,000. There are pending claims against Group Companies on which no losses are expected.

Auditors' report

To the Shareholders of Hunter Douglas N.V.

We have examined the consolidated balance sheet of Hunter Douglas N.V. and subsidiaries as at January 1, 1972 and the related statements of income, retained earnings and changes in financial position. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of Hunter Douglas N.V. and subsidiaries as at January 1, 1972 and the results of their operations and the changes in financial position for the year then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Directors

HENRY SONNENBERG London, England	Chairman of the Board, Hunter Douglas N.V.
DR. JOHANNES H. O. graaf van den BOSCH Amersfoort, Netherlands	Investor
JOHN H. COLEMAN Toronto, Canada	Director, Deputy Chairman and Executive Vice President, The Royal Bank of Canada
FRANK B. CRAIG Wassenaar, Netherlands	Executive Vice President, Hunter Douglas N.V.
PROF. DR. HERMAN J. HELLEMA Laren, Netherlands	Lawyer
WALTER L. HEYMAN London, England	Vice President, Corporate Development, Hunter Douglas N.V.
DR. ELMER L. JOUBERT Willemstad, Curaçao	Notary
DR. CHRISTIAN F. KARSTEN Laren, Netherlands	Managing Director, Amsterdam-Rotterdam Bank N.V.
ALAN C. POND Longueville, Australia	Managing Director, Hunter Douglas Limited (Australia)
RALPH SONNENBERG Wassenaar, Netherlands	President and Chief Executive Officer, Hunter Douglas N.V.
JAN VAN DER VELDEN Wassenaar, Netherlands	President, De Nationale Nederlanden N.V. Insurance Group

Officers

RALPH SONNENBERG* Wassenaar, Netherlands	President and Chief Executive Officer
FRANK B. CRAIG* Wassenaar, Netherlands	Executive Vice President
WALTER L. HEYMAN* London, England	Vice President, Corporate Development
GERHARD BAUM ’s Gravenhage, Netherlands	Vice President and Comptroller
JOHN L. BRUHL Rotterdam, Netherlands	Vice President, Secretary and Treasurer
MARK O. L. LYNTON Wassenaar, Netherlands	Vice President, Corporate Relations
HERINUS OOSTERHUIS ’s Gravenhage, Netherlands	Vice President
GABRIEL ORECHKOFF ’s Gravenhage, Netherlands	Vice President and General Counsel

*) Is also member of Board of Directors

Registrar, transfer agent and depositary for common shares in name form issued on Canadian registers
Montreal Trust Company, Montreal, Toronto, Calgary, Regina, Saint John, Vancouver and Winnipeg,
Canada


Five year financial highlights

(in thousands of Dutch Guilders - see note below)

	1971	1970	1969	1968	1967
Net sales	624,249	469,221	390,581	315,917	248,192
Income before taxes and minority interest	50,342	43,033	38,429	33,113	22,716
Income before taxes and minority interest as % of net sales	8,1%	9.2%	9,8%	10.5%	9.2%
Net income after taxes and minority interest	25,241	22,926	21,680	18,480	12,266
Net income per common/deferred share (after preferred dividends) *	4.23	3.85	3.81	3.42	2.27
Cash flow	47,470	44,327	36,954	32,067	22,507
Cash flow per common/deferred share *.	7.96	7.44	6.49	5.93	4.17

*) adjusted for splits and extraordinary stock dividend.

Note: The above Dutch Guilder amounts are shown for information purposes only and have been converted from U.S. dollars at the average rate of exchange prevailing in each year.



Legend

CONSUMER, BUILDING, ARCHITECTURAL AND LEISURE PRODUCTS:

- Manufacturing
- Distribution

MACHINERY OPERATIONS:

- Manufacturing
- Distribution

A Dutch version of this Annual Report
is available upon request.

principal manufacturing and distribution operations

NORTH AMERICA

- Canada** ■ Hunter Douglas Canada Ltd., Montreal
● Toronto - Winnipeg - Quebec - London - Edmonton
● Home Development Corp., Montreal
● Consolidated Plywood Corp., Montreal - Quebec
● Duffus Banfield Ltd., Toronto - Northbay - Kitchener
- U.S.A.** ● Hunter Douglas Inc., Stamford, Connecticut
● Hunter Douglas International Ltd., Stamford, Connecticut
○ Hunter Douglas Machinery Corp., East Paterson, New Jersey

SOUTH AMERICA

- Brasil** ■ Hunter Douglas do Brasil, São Paulo
- Chile** ■ Industrias Metalicas Chile S.A., Santiago
- Colombia** ■ Industrias Metalicas Hunter Douglas S.A., Bogotá
- Venezuela** ■ Industrias Metalicas Hunter Douglas S.A., Caracas

AUSTRALIA, NEW ZEALAND AND ASIA

- Australia** ■ Hunter Douglas Limited, Sydney
■ Dural Leeds Pty., Ltd., Melbourne
■ Mello-Lite Pty., Ltd., Sydney
● Shademaster Pty., Ltd., Sydney
■ Cordex Pty., Ltd., Sydney
■ Young & Mitchell (Industries) Pty., Ltd., Newcastle
■ Flexalum Furniture, Sydney
■ Eise & Mitchell Pty., Ltd., Melbourne
- New Zealand** ■ Hunter Douglas Pty., Ltd., Auckland
- Asia** ■ Austasia Industries Ltd., Singapore - Kuala Lumpur, Malaysia
● Hunter Douglas Regional Representative, Tokyo, Japan
- } ● all these operations maintain sales offices in:
Sydney, Brisbane, Melbourne, Adelaide and Perth

Five year financial highlights

(in thousands of Dutch Guilders - see note below)

MACHINERY OPERATIONS:

- Manufacturing
- Distribution

CONSUMER, BUILDING, ARCHITECTURAL AND LEISURE PRODUCTS:

- Manufacturing
- Distribution

principal manufacturing and distribution operations

Net sales	824,249	469,221	390,581	315,917	248,192
Income before taxes and minority interest	50,342	43,033	38,429	33,113	22,716
Income before taxes and minority interest as % of net sales	8.1%	9.2%	9.8%	10.5%	9.2%
Net income after taxes and minority interest	25,241	22,926	21,680	18,480	12,266
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Cash flow	47,470	44,327	36,954	32,067	22,507
Cash flow per common/deferred share*	7.96	7.44	6.49	5.93	4.17

* adjusted for minority interest and other factors

NORTH AMERICA

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- Toronto - Winnipeg - Quebec - London - Edmonton
- Home Development Corp., Montreal
- Consolidated Plywood Corp., Montreal - Quebec
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- U.S.A. Hunter Douglas Inc., Stamford, Connecticut
- Hunter Douglas International Ltd., Stamford, Connecticut
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Hunter Douglas Group 